

Capstone 2023:
Beauty in A Shifting Global Landscape
The Future Global Consumer: White Paper Research

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I. Abstract

As underscored by recent macro and geopolitical events, consumers and corporations are facing an increasingly uncertain and volatile outlook. In response to this upheaval, consumers have become more complex and demanding in their expectations of brands than ever before. The global landscape is shifting.

Our Capstone group aims to identify new drivers of growth for beauty brands, and fool-proof strategies that will enable them to effectively identify and engage the global consumer over the next decade. The team has conducted six months of extensive research including both primary and secondary qualitative and quantitative research. The research covers key areas including economic outlook across developed and developing countries, shifts in global world powers, technological advances, supply chain disruptions, and the climate crisis.

Although the world will continue to be more uncertain, volatile, and complex than ever, the outlook on beauty remains positive. The global beauty industry is expected to grow at a CAGR of 6% over the next five years (Scianna, 2023). And through our survey research, 78% of US consumers expect to either increase or keep their spending flat on beauty, personal care, and grooming over the next year. However, as barriers to entry into the beauty industry have come down over the last decade, leading to increased competition, large beauty conglomerates and legacy beauty brands must ensure they act upon the three growth opportunities to remain competitive over the next decade: the rise of India, the age of the Silver Spenders, and the adoption of Recommender System Optimization.

India: A New Global World Power. The opportunities in India today can be broken into four key indicators: Economy, Population, Infrastructure, Culture (E.P.I.C.). Their economy is projected to become the third largest by 2030, their population has already become the largest in the world surpassing China, heavy investments are continuously being made across both their physical and digital infrastructure, and lastly, the unique cultural tapestry of India continues to make waves across the globe. India presents a unique opportunity that is ripe for both expansion and influence across the world, and investment locally. Brands such as Forest Essentials are prime examples of innovating based on the needs of the local Indian consumer but having the potential for global reach and expansion. Beauty brands can learn from other industries and companies that have entered the Indian market successfully and unsuccessfully. Implementing a Listen, Adapt, Uncover, and Patience approach will allow for a brand to ensure long-term success in the country. The time to rise with India is now.

Silver Spender: The Growing Aging Population in Developed Nations. While most marketing strategies focus on winning over Gen-Z, the industry is ignoring one of the most valuable demographic groups. As birth rates decrease and life expectancy increases, the size and importance of the older generation is important to recognize. While this group makes up 14% of the global population, they own over 50% of global net worth. This demographic is investing in beauty, but why is the industry not investing in them? This demographic group is complex with three generations currently making up

the 60+ consumer. The Silver Spender demographic is unique and needs to be recognized for the full spectrum of life changes that they are experiencing. For example, are they married for 50 years, or single and dating for the first time in 50 years? The world is already seeing a phenomenon of the Silver Tsunami where Silver Spenders are being recognized as cultural icons in other industries and it's time now for beauty to catch up.

Recommender System Optimization: Marketing in an AI-Driven Landscape.

Driven by the adoption of AI technologies across platforms, Recommender Systems are advanced machine learning technologies that can analyze large data sets to help predict, narrow down, and find what someone is looking for. Prime examples of advanced recommender systems are platforms like TikTok, Netflix, and Spotify. Spotify is one of the most advanced recommender systems which uses methods beyond traditional collaborative and context-based filtering to uncover unlikely connections and create custom playlist for users based on mood, time of day, activity, and larger cultural connections. Given the success of recommender systems in other industries, the future of beauty platforms will be 100% recommender-driven. Imagine Sephora.com is customized to each individual and provides unique “playlist-like” categories instead of relying on traditional product categorization and search for product discovery. Brands must prepare for this future by implementing RSO (Recommender System Optimization) strategies as a part of their marketing plans.

It is undeniable that the global landscape is shifting and that the shifts will continue to bring volatility, uncertainty, and complexity into the lives of consumers and the jobs of executives at beauty companies.

II. Introduction

To navigate the dynamic landscape of the global economy in the coming decade, it is essential to analyze the macro factors that will shape our world. These factors include environmental challenges, demographic changes, economic volatility, and technological advancements, all of which directly influence consumer lifestyle habits. Moreover, these interconnected elements are expected to disrupt both developed and emerging markets, leading to a new normal that may differ significantly from our current understanding. One significant global trend is the rise of emerging markets such as India, which holds the potential for increased global consumption, enhanced infrastructure, and cultural influence. Additionally, as brands are searching for new pockets of growth, the 60+ consumer group will present new opportunities, given their wealth and beauty usage habits. Finally, as we transition into an AI-driven world, brands must take advantage of advances in hyper-targeted segmentation. As these global trends unfold, they will create new market opportunities, necessitating beauty companies to adapt their business practices accordingly to achieve and maintain growth. By capitalizing on these shifts and embracing a unique approach to delivering value, companies can thrive amidst the intricate evolution of the global stage.

III. Methodology

The research conducted aims to investigate and identify drivers of growth for beauty brands and strategies that will enable them to effectively address evolving consumer needs during an increasingly uncertain and globally interconnected era. We grouped the research into three separate sections: the future of consumer behavior, current and future global macro forces, and the implication on these factors on brand performance and reporting metrics. To address these key areas of focus, qualitative interviews, extensive secondary research, and quantitative surveys were employed.

For qualitative research, we conducted 29 peer and industry expert interviews. The goal of these interviews was to gain insight into consumer and industry expert perceptions of the global economic outlook and its effect on personal consumption, climate change, global demographics, wellness, and technology. In addition to this, our Capstone group conducted research in 7 global cities visits and arranged 15 overseas sessions with corporate leadership in multinational beauty conglomerates.

Through secondary research, we sought to gather comprehensive insights into the future of the global consumer. By exploring a wide range of topics, such as economic factors, geopolitical dynamics, technological advancements, and key consumer growth segments, we aimed to provide a holistic understanding of the shifting consumer landscape and assist in strategic decision-making for brands operating in this evolving environment.

For primary quantitative research, we conducted three surveys staggered across two months. Our first survey was targeted towards 500 respondents from the “General US Population.” Our objectives were to identify personal spending sentiment, the different values that drive purchase decisions, and which categories consumers considered essentials versus indulgences. We included questions from the Class of 2015’s Capstone Research survey to capture how consumer needs had evolved. We also ensured that the data was analyzed across several cuts of age, sex, geographical location, and income level.

Our second survey, which took place four weeks after the first, was targeted towards 500 respondents from the “General India Population.” This survey had similar objectives to the first survey, with many questions being repeated. An additional goal we wanted to achieve from the India survey, however, was to capture sentiment on local versus global brands. Our final survey asked three specific questions to our Capstone presentation’s registered audience and selected industry professionals. The objective was to assess their overall sentiment around our three core growth pillar recommendations: markets driving growth, demographic groups driving growth, and marketing tools with highest potential.

Through these three modalities of research, we aimed to get a holistic understanding of consumer behavior and preferences as we enter a potentially challenging economic context and to provide comprehensive evidence to what actions brands should take in order to grow in these periods of economic and social turmoil.

IV. The Only Certainty is Uncertainty

Uncertainty is a pervasive characteristic of our world today and has been exacerbated by rapid shifts in the last few years that will continue to send shock waves throughout our imminent future. The last five years have been a prime example of how quickly the world can change and how this will impact people and businesses. From the COVID-19 pandemic, to political instability, economic downturns, and the ongoing supply chain crisis, the world has never been in such a constant state of flux.

Businesses must continuously ask themselves, what comes next? Some experts say a recession may be looming on the horizon, while others believe that there is a brighter economic future ahead of us. Although the answer may not be clear, it is apparent that we are living in a VUCA world where the future will be complex and full of surprises.

VUCA is an acronym that stands for Volatility, Uncertainty, Complexity and Ambiguity. It is a concept that was adopted by the military to describe a strategy that centered around never being reactive, but always responsive. In other words, it is all about preparation, anticipation, exploration, evaluation, and adaptation. The acronym originated in 1985 and was coined by economists and university professors Warren Bennis and Burt Nanus in their book *Leaders: The Strategies For Taking Charge* (Mukherjee, 2023). The concept was adopted by the military and is now more widely used by businesses and corporations to respond to ambiguity with agility and flexibility.

As the future is uncertain, achieving business goals and especially growth targets in a profitable and sustainable way will be difficult. Especially in industries like beauty where the barriers to entry for new competitors have fallen dramatically, the larger corporations will need to act strategically with speed to capture growth opportunities in this world where VUCA reigns.

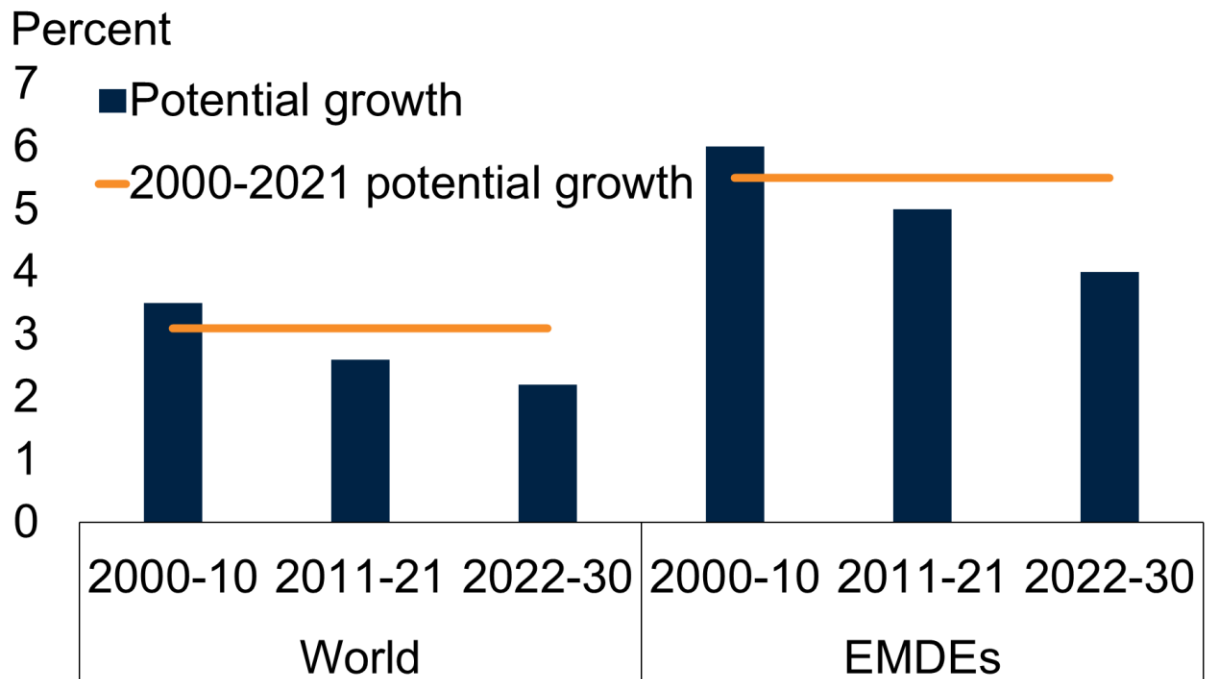
Our research has identified and studied key areas where the world is experiencing major disruptions and changes, such as the shifting global landscape of economies, highlighting the landscape of both developed and developing economies and the shifts of global world powers. In addition, our research team explored topics including the latest technological innovations disrupting the world, the disruptions being experienced across the supply chain, and the impact of the growing climate crisis.

The Economy of a Shifting Global Landscape

The World Bank projects global economic growth to decline to the lowest level in 30 years by the end of 2030, referring to the preceding years as the “lost decade.” The World Bank expects average global potential Gross Domestic Product (GDP) growth between 2022 and 2023 to decline to 2.2% per year, or roughly one-third below the rate that prevailed during 2000 to 2010. For emerging markets, GDP growth is expected to slow from 6% between 2000 to 2010 to 4% (see **Figure 1**). Similarly, the IMF has cautioned that a more fragile global economy is likely to lead to slower growth and greater financial fragility. The IMF projects global growth to remain around 3% over the

next five years, which is the lowest medium-term growth forecast since 1990 (CEPR, 2021).

Figure 1:



Sources: Haver Analytics; Penn World Tables; UN Population Prospects; World Bank. **Note:** EMDEs = emerging market and developing economies. Data for 2022-30 are forecasts. Period average of annual GDP-weighted averages. World sample includes up to 53 EMDEs and 30 advanced economies.

One of the key reasons for slowing economic growth is the continuous impact from the COVID-19 pandemic. The economic impacts of the pandemic were especially severe in emerging economies where income losses caused by COVID-19 worsened pre-existing economic conditions. Unemployment and layoffs affected many industries, especially those who could not work remotely. Studies suggest that more than 50% of households in emerging and advanced economies were not able to sustain basic consumption for more than three months in the event of income losses (“World Development Report 2022,” 2022). The International Monetary Fund estimated that the median global GDP dropped by 3.9% from 2019 to 2020, making it the worst economic downturn since the Great Depression (Oum et al., 2022).

Challenges and Strategies Amidst Surging Inflation

After more than three decades of moderate inflation in both advanced economies and emerging markets, inflation has surged over the last year almost everywhere, most recently driven by two events: a global pandemic and the Russo-Ukrainian crisis. In addition, current inflationary pressures can be linked back to disruptions in supply chain, and also the sharp increase in energy prices, which have had a direct impact on the

steady increase on the costs for goods and services. The pandemic has also caused a shortage of labor, both because of significant demand increases in certain sectors as well as the slow rate of labor force returns, which ultimately causes the demand for raises and higher labor rates. All these factors of increased cost are trickling all the way down to the consumer (Harrison, 2022). Business managers are now facing the task of navigating challenges associated with still-elevated costs and potentially moderating demand.

Even though central banks are trying to combat inflation by raising rates, costs have risen to well-above historical levels. During the pandemic, many companies were able to pass on rising costs to consumers with many management teams citing favorable “demand elasticity trends,” and Information Resource Inc. (IRI) data confirms that consumers have been less price sensitive than before the pandemic. However, there are now emerging signs that consumers are starting to pull back, and that consumers are beginning to become more price sensitive again (“What war has done to Europe’s economy,” 2023).

Another potential challenge that companies and managers could face is faltering demand due to tightening fiscal monetary policies. With governments and central banks around the world raising rates to combat inflation, higher borrowing costs for consumers, and heightened uncertainty are likely to dampen consumer spending (Brunnermeier, 2023).

The best-positioned companies will be those with strong pricing power, either because they sell essential products for which demand is generally stable, or because they have strong brands that customers trust and value. Companies that lack strong pricing power and/or brand equity will likely seek to hold down costs through efficiency gains. If the previous 2008 recession was any indication, among consumers that have bought lower-priced products, 46% said performed better than expected, while 41% said while they preferred premium products, said “it wasn’t worth the money” (“How The Recession Has Changed U.S. Consumer Behavior,” 2010). In some cases, smaller companies are likely to be disadvantaged relative to larger companies with greater scale. Innovation will likely become an increasingly important tool to support brand-equity building efforts, and product development in a cost-effective way without sacrificing quality (Shanbhogue, 2023).

The Rise of Multiple Global Powers: A New World Order

A seismic shift in the global economic landscape is underway as the focal point of economic influence moves from the west to the east, from developed economies to emerging markets, from open markets to state regulations, and from established democracies to authoritarian and populist leaders. The US-China rivalry will almost certainly become the defining characteristic of this decade and possibly the next one. This transformative transition is already causing significant disruptions in global politics, economics, and markets, marking only the initial stages of a profound transformation.

The term “world superpower” is commonly used to describe countries that hold significant economic, political, and cultural influence on the global stage. In the current global economic landscape, the world’s most influential superpowers are the US, China,

the European Union (EU), Japan, and India. Other countries, such as Germany, South Korea, and Brazil, are also significant global economic powers and may have potential to become future superpowers. However, the US and China have the most significant economic influence on the global stage, while India is seen as quickly approaching similar global status (“Global Economic Outlook,” 2023).

The US: Preserving Economic Primacy

The **United States**, with a GDP of over \$22 trillion, is the world's largest economy and a major player in global finance, technology, and manufacturing (Central Intelligence Agency, n.d.). The US dollar is also the world's dominant reserve currency, giving the US significant economic power and influence. However, two banking failures in the US this month have raised fears about the health of the financial system. The collapses follow a sharp rise in global borrowing costs, led by the US, which has shocked the world economy and raised worries about a painful downturn—in other words, a recession (Sherman, 2023).

In spite of present circumstances, Simon Baptist, global chief economist at the Economist Intelligence Unit, remains bullish over the country's economic status over the decades to come. The economist stated in 2021 that even after China surpasses the United States to become the world's largest economy, the US is projected to maintain its wealth advantage for the next 50 years or beyond. This is based on the latest available data by the International Monetary Fund, which showed China's GDP per capita was forecast to be \$10,582.10 last year, roughly six times smaller than \$63,051.40 in the US. Still, he concedes that in Asia, “it probably will be very difficult for the U.S. to remain the most powerful country through the 2030s,” but that the US and China are “going to remain evenly matched for quite a long time” (Nee-Lee, 2021).

China: Challenger to US as an Economic Superpower

With a GDP of over \$15 trillion, China is the world's second largest economy and has been rapidly gaining ground in recent years with a massive population and a booming technology sector. China is heavily reliant on manufacturing and exports and has emerged as a global leader in technology and innovation (Country Comparisons — Real GDP (purchasing power parity), 2021). China has also made significant investments in other countries through its Belt and Road Initiative, an initiative that aims to foster economic connectivity and cooperation by building infrastructure networks, promoting trade, and enhancing cultural exchanges across Asia, Europe, Africa, and beyond, further increasing its global economic influence (Jie & Wallace, 2021).

China's economy is set to rebound in 2023 as mobility and activity pick up after the lifting of pandemic restrictions, providing a boost to the global economy. The Chinese economy is expected to expand ~5% this year, versus 3% last year. A rebounding Chinese economy, albeit slower growth relative to pre-pandemic levels, is positive for the world as the Chinese economy is now expected to contribute a third of global growth this year. Even so, China still faces significant economic challenges. The contraction in real estate remains a major headwind, and there is still some uncertainty around the evolution of the COVID-19 virus. Longer term, headwinds to growth include a

shrinking population and slowing productivity growth. Additionally, the economy needs comprehensive macroeconomic policies and structural reforms to secure the recovery and promote balanced, green, and inclusive growth (Cerdeiro & Jain-Chandra, 2023).

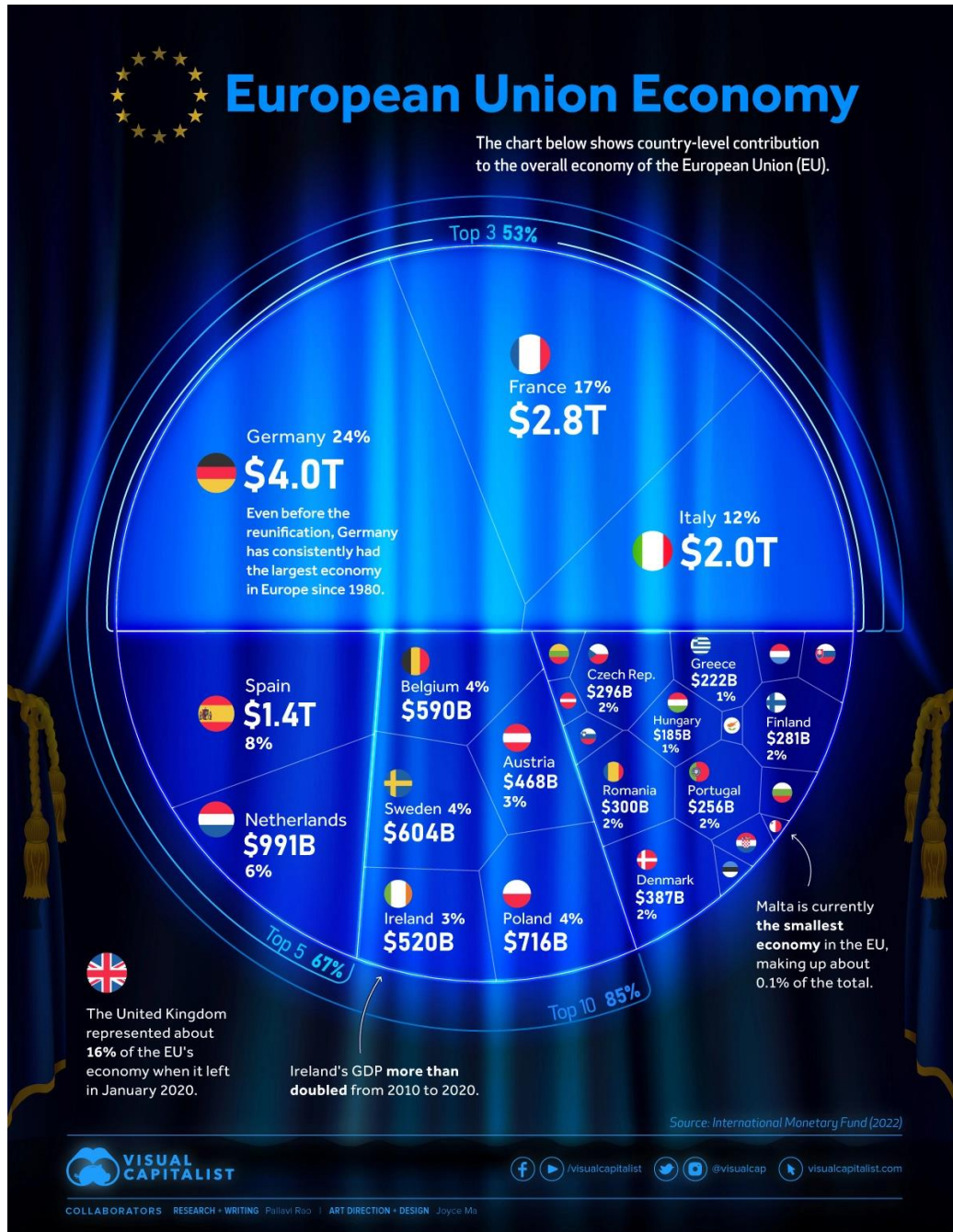
The European Union's Evolving Role on the Global Stage

The European Union, a political and economic union of 27 member states, has the world's largest single market economy, with a GDP over \$18 trillion (O'Neill, 2023). The EU has the third-largest economy in the world and accounts for one-sixth of global trade. The GDPs of Germany, France and Italy make up more than half of the EU's entire economic output (see **Figure 2**). These three countries are also the most populous in the EU, and together with Spain and Poland, account for 66% of the total population of the EU. The UK, which joined the EU in 1973 and formally left in 2020, would have been the second-largest economy in the region at \$3.4 trillion. The EU has four primary sectors of economic output: services, industry, construction, and agriculture (including fishing and forestry) (Rao, 2023).

However, the current structure of free trade is deemed unsustainable due to excessive dependence on exports, particularly observed in countries like Germany. This reliance on external demand renders these economies highly vulnerable to fluctuations in global market conditions. Among them, Germany stands out as the most susceptible nation, and its economy is expected to decline as it grapples with inevitable fluctuations in the export market. Consequently, by 2040, Germany's influence in Europe is projected to diminish, positioning it as a second-tier power. The decline of Germany will have repercussions on other Western European countries, while Central Europe, with Poland taking the lead, is anticipated to emerge as a significant and proactive force in the region ("The Road to 2040: A Summary of Our Forecast," 2021).

Projections suggest that by the end of the century, the EU's proportion of the world population is anticipated to decrease from 6 to 4%. Concurrently, its share of global GDP could decline by half within the same timeframe. By 2050, no European state is expected to be included in the G7, a group comprising the world's largest economies. While Europe is likely to continue offering a relatively high standard of living, its overall influence on the global stage is poised to diminish as other nations catch up or forge ahead (Lehne, 2020).

Figure 2:



Source: Visual Capitalist

Japan's Uphill Battle to Remain A Top 5 World Economy

Until it was overtaken by China last year, Japan's economy was the world's second largest. With a GDP of over \$5 trillion, the country is a significant exporter of advanced technology and automobiles, and is home to some of the world's largest multinational corporations (Country Comparisons — Real GDP (purchasing power parity), 2021).

However, the 21st Century Public Policy Institute, a think tank, linked to Japan's powerful Keidanren business federation, warns that Japan may no longer be considered a developed nation by 2050 due to a shrinking and aging population, along with sluggish productivity, leading to a contracting economy. The think tank highlighted factors such as a declining workforce, lower savings, and reduced investment as contributors to Japan's economic decline. Even if productivity recovers to the level of other leading economies, Japan's GDP is projected to fall behind India by 2041, and by 2050, it will significantly diminish compared to China, the United States, and India. The nation's current public debt, equivalent to twice its GDP, poses a challenge that will require higher tax revenues or spending cuts ("Japan 'No Longer Rich Country' by 2050: Think tank," 2012).

In order to achieve an average annual economic growth of 1.24% by 2040, Japan will need to increase the number of foreign workers to 6.74 million, according to a report by think tanks, including a research arm of the Japan International Cooperation Agency (JICA) affiliated with the foreign ministry. This projection is part of a bullish "high-growth" scenario outlined by the government in its long-term projection (Komiya, 2022).

India: A Global Superpower in the Making

With a GDP of over \$3 trillion, India is the world's largest democracy and has a young and growing population, making it a potential economic superpower in the future (Country Comparisons — Real GDP (purchasing power parity), 2021). India is the world's fastest-growing major economy and currently ranks as the world's sixth-largest with a GDP of over \$3 trillion. It is also a leader in the software and information technology industries and has a rich cultural heritage that includes literature, music, and cinema.

According to a study published in the Lancet, the Indian economy is projected to become the world's third-largest by 2050, following China and the United States. The study, which analyzed the working-age population of countries in relation to total GDP, predicted that India would move up to become the fourth-largest economy by 2030, overtaking Japan by 2050. Currently, India is the fifth-largest economy, closely trailing France and the UK. However, the study's estimates are slightly less optimistic compared to earlier projections, possibly due to the economic impact of the COVID-19 pandemic. Despite significant declines in China and India's working-age populations, the study suggested that India would maintain its top position, followed by Nigeria, China, and the US in terms of working-age population by 2100. The research emphasized the importance of female educational attainment and access to contraception in influencing fertility rates and population growth, highlighting the need for policy measures to address low fertility rates while promoting female reproductive health (Mishra, 2020).

The Rise of Revolutionary Technologies

Technological advancements have witnessed an unprecedented growth around the world, revolutionizing the way consumers live their lives. From the rapid proliferation of smartphones to the widespread adoption of Artificial Intelligence (AI) and the Internet of Things, these advancements have fundamentally transformed various aspects of

everyday life. Communication has become seamless and instantaneous, with individuals connecting effortlessly across vast distances. The rise of e-commerce has revolutionized the retail industry, enabling consumers to conveniently browse and purchase products from the comfort of their homes. Furthermore, smart home devices have made houses more connected and efficient, allowing consumers to control their appliances, lighting, and security systems remotely. These technological innovations have undoubtedly created a new era of convenience, efficiency, and interconnectedness, reshaping the way consumers navigate and experience the world.

Expanding Credit Accessibility: Empowering the Underserved in Financial Inclusion

The rise of digital labor platforms and the increasing internet penetration worldwide will lead to a significant shift towards gig work as the primary mode of employment. This transformation will particularly impact low-skilled workers, who form a substantial portion of the workforce in developing countries. Internet platforms in various sectors like e-commerce, food delivery, and ride-sharing are providing accessible earning opportunities, benefiting those with limited job prospects. Workers can engage with multiple platforms simultaneously, maximizing their income potential. Furthermore, digital labor marketplaces are expected to integrate financial services, granting credit access to individuals who have been overlooked by traditional financial institutions. As technology advances, financial stability and discipline will be achievable without extensive knowledge. AI and machine learning advisors will play a key role, recommending gigs, investments, and educational opportunities, thereby democratizing growth and enhancing financial well-being (Yoon, 2022).

The Revolution of Commerce: Web3 Technologies Shaping the Future

By 2025, Web3 technologies will revolutionize commerce, similar to how Web2 transformed information access. A global digital market will emerge, where both physical and digital goods can be listed and traded. While early internet days had proprietary networks, the internet of information we have now resulted from its open nature. Commerce, however, faced challenges due to trust requirements for asset exchange. Web3, with smart contracts and tokenization like NFTs, automates settlements and enables universal standards. Just as decentralized finance disrupted traditional finance, decentralized protocols will create an open marketplace for shared value in commerce (Yoon, 2022).

Towards Inclusivity and Affordability: The Future of the Data Industry

The exponential growth of data in the past decade raises crucial concerns about privacy, access, and affordability. Questions surrounding data ownership, surveillance, and profits made by companies are becoming more relevant as data collection continues without consent or compensation. The finance industry also faces challenges, such as expensive market data. However, the future holds promise as technology advances and

startups enter the data industry, aiming to make it more inclusive and affordable, provided governments allow it (Yoon, 2022).

The Quantum Internet: The Next Frontier of Connectivity

The quantum internet is on the horizon, poised to revolutionize our world much like the classical internet. It will unlock transformative breakthroughs in energy, medicine, and material sciences. Over the next five years, quantum networks will expand from local to continent-scale using quantum repeaters, paving the way for the quantum internet. This will unleash a multitude of applications, including unhackable security through quantum secure communications, ultra-high-resolution telescopes with distributed quantum sensing, and the power of distributed quantum computing (Yoon, 2022).

Global Supply Chains: Opportunities and Challenges in a Post-COVID Era

The supply chain system is getting back to speed with ocean freight reporting less congested ports, along with fewer strikes due to shortages of labor as prices have fallen as some warehouses are well replenished. Additionally, friend-shoring, nearshoring, and reshoring efforts have increased while China lifted their 'Zero-COVID' policy. However, as tensions between Russia and Ukraine continue, in addition to China's future remaining unknown, there are plenty of unanswered questions, especially if the manufacturing megapower suffers another setback or lockdown, or if conditions worsen with Russo-Ukrainian war in Europe (Wong, 2022).

The COVID-19 pandemic and continuation of lockdowns caused significant disruption to supply chains, exposing their weaknesses and thereby highlighting the importance of supply chain management within companies. Based on research conducted by Ernst & Young in 2020, 60% of executives say the pandemic has increased their supply chain's strategic importance (Harapko, 2023). Companies have been compelled to revisit their supplier strategies and take steps to ensure that their supply chains become more resilient, collaborative, and networked. An increasing number of companies are also considering the benefits of more localized manufacturing and supply (Shih, 2020).

As a result, global conglomerates have begun shifting their manufacturing facilities out from China and identifying ways to relieve their dependence on the Chinese consumer. As a result, ASEAN companies like Vietnam are benefiting from new foreign investments in manufacturing and regions like North America are being looked to as the next engine of growth (Mazumdar, 2022).

Enterprises are also looking towards countries such as India as an alternative manufacturing base for global markets. The Indian government has taken action to increase production capacity with the expectation that they will soon become considered a viable alternative to China. Saudi Arabia is another potential alternative to China that companies are considering. Meanwhile, Saudi Arabia is looking to diversify their economy away from oil and investing in logistics infrastructure to become a larger player in the supply chain, already having 21 seaports and being in a strategic location for global players as they have access to key shipping lanes (Laker, 2023).

Facing the Heat: Navigating the Ongoing Challenge of the Climate Crisis

Global temperatures have been steadily increasing, wildfires are an increasingly common phenomenon, and ice sheets and glaciers are melting, all of which are causing sea levels to rise and disrupting ecosystems and habitats. Addressing the climate crisis requires global cooperation and concerted efforts. International agreements such as the Paris Agreement aim to limit global warming to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius. Mitigation measures include transitioning to renewable energy sources, improving energy efficiency, promoting sustainable land use practices, and reducing greenhouse gas emissions (Denchak, 2021).

Adaptation is also crucial to minimize the impacts of climate change that are already occurring. This involves implementing strategies to enhance resilience in vulnerable communities, developing climate-resilient infrastructure, and implementing sustainable agricultural practices.

The Disproportionate Impact of Climate Change

Climate change is causing significant environmental and economic implications due to the long term shift in temperature and weather patterns. The effects of climate change are felt broadly around the world, but have a disproportionate impact on select communities and regions. Developed and higher income countries generally have the funding and resources to address or mitigate the effects of climate change, creating resilience against the inevitable for their communities. On the contrary, throughout the developing world, the effects of climate change are creating instability and fragility among emerging countries and markets (“Climate Change and the Developing World: A Disproportionate Impact,” 2021).

Disproportionate impacts can occur where certain groups lack the social and economic resources necessary to relocate to avoid climate disasters, or to purchase the technology necessary to adapt to the world’s changing climate (“Climate Change’s Unequal Impacts,” 2017). When countries do not have the resources in place to protect against climate change, they become vulnerable to the potential loss of essentials such as food and water, increased exposure to deadly infectious diseases, conflict and political unrest, as well as displacement from their homes. According to the World Bank, more than 140 million economically disadvantaged people from sub-saharan Africa, south Asia, and Latin America will be forced to migrate internally due to climate change impacts including water shortages, decreasing agricultural productivity, and rising sea levels by 2050 (Signé & Mbaye, 2022).

While the consequences of the climate crisis are much broader than what the beauty industry can feasibly solve for, companies must be aware of and prepare for the inevitable impact on the industry: increased climate immigrants and refugees due to disaster displacement, growth obstacles for promising emerging markets, and increased pressure on waste and pollution reduction from both consumers and governments.

The Global Plastic Crisis: Understanding the Challenges and Impacts

Our planet has a plastic waste problem, and while plastic production is connected to the climate change crisis through the emission of greenhouse gasses, it's also responsible for a global pollution crisis. Plastic is cheap, readily available, and used widely. Since it is so affordable and durable, it can be found in everything from packaging to plastic bottles, plastic bags, clothing, and more. Despite efforts of recycling, most plastic isn't actually recyclable as they are often made of a blend of many different chemicals, making it nearly impossible to separate in a recycling stream. In addition, many places do not have the proper recycling or waste management infrastructure to process the quantities of plastic we consume. As of 2017, the world has produced 8.3 billion metric tons of plastic, of which 80% has wound up in landfills, the ocean, animals we eat—essentially everywhere in the environment (Polka, 2018). It is estimated that the global beauty industry produces more than 120 billion units of packaging each year, the majority of which is plastic (Sherriff, 2019). In addition, the global recycling statistics are ominous, as only 9% of global plastic is recycled (Choi-Schagrín & Tabuchi, 2022).

Although some beauty brands have tried to minimize the amount of plastic or packaging that are used, these items are typically sold in more niche stores and at a premium cost, making the “better” choices less accessible to the masses. In a 2022 Skin Deep Beauty survey, nine out of 10 shoppers reported that they believe sustainability and other ethics-related considerations are important when buying beauty products (“Skin Deep Beauty,” 2022). However, it is not within the top three purchasing non-negotiables, with only 15% of people surveyed saying that it is the most important factor when making a beauty purchase (“Skin Deep Beauty,” 2022). As a result, consumers may resort to private labels for essentials, as well as secondhand goods and rental services, which are more cost-conscious. This also means consumers are less likely to spend with the environment at the forefront of their decision making, opting for the lower cost options of products before thinking about environmental impact (“Recession-caused consumer behavior changes could help or hurt climate,” 2022).

Navigating Uncertainty Through Shifting Global Dynamics

The world is currently experiencing a high level of uncertainty, with rapid shifts and disruptions that have impacted various aspects of society. From the COVID-19 pandemic to political instability, economic downturns, and supply chain crisis, the world is in a constant state of flux. Several key areas are undergoing major disruptions and changes. The global economy is shifting, with projections of declining global economic growth and a more fragile economy. The COVID-19 pandemic has significantly impacted emerging economies, causing income losses and unemployment. Inflation has surged due to supply chain disruptions and increased energy prices, posing challenges for businesses in managing costs and consumer demand. Additionally, tightening fiscal monetary policies may further dampen consumer spending.

Businesses need to adapt to the rapidly changing environment and identify growth opportunities. The global economy is experiencing shifts, with emerging economies facing challenges, inflationary pressures, and the rise of new economic

powers. The US, China, the EU, Japan, and India are key players shaping the global economic landscape. Despite the challenges, there are opportunities for businesses that can navigate these disruptions and leverage innovation and strategic approaches to achieve sustainable growth.

V. The Search for New Areas of Growth

The world will continue being more volatile and uncertain than ever before. However, the beauty industry as a whole is expected to continue to prosper, with expected growth to be at a CAGR of 6% over the next five years (Scianna, 2023). This is supported by our proprietary research that has found that US consumer spending and sentiment on beauty, personal care and grooming is incredibly high, concluding that 78% will either increase or keep their level of spending flat on these categories over the next year. However, as the industry sees an increase of new brands emerging, large beauty conglomerates and legacy brands will need to act upon emerging opportunities now to remain competitive over the next decade. Our research has narrowed in on three unique opportunities that are set to deliver growth over the next decade: the rise of India, the age of the Silver Spenders, and the adoption of Recommender System Optimization.

India: A New Global World Power

India is swiftly establishing itself as an emerging superpower in the beauty industry, propelled by a combination of factors that make it a force to be reckoned with. Jeff Bezos was recently quoted as saying, “I predict that the 21st century is going to be the Indian century. The dynamism, the energy...everywhere I go here, I meet people who are working on self-improvement and growth” (Sharma, 2021).

The country can be evaluated using our proprietary E.P.I.C. framework, which stands for: Economy, Population, Infrastructure and Culture. One of the key drivers of India’s ascent is its remarkable economic growth paired with its population size, creating a flourishing environment to drive the consumer market now and into the next decade. Additionally, India has surpassed China to become the most populous country in the world and its expanding middle class and uniquely young population further contribute to the country’s rise, as these demographics allow for growth in disposable income and beauty and personal care items consumption along with increased luxury consumption. India also presents a unique opportunity given the large investments in both the physical and digital infrastructure of the country. Furthermore, the country’s deeply rooted culture of beauty, steeped in the traditions and rituals of ayurveda, adds a unique and diverse dimension to its beauty landscape. Together, these factors position India as a dynamic and influential player in the global beauty landscape, with immense potential for continued growth, innovation and global influence.

The E.P.I.C. Opportunity: Economy

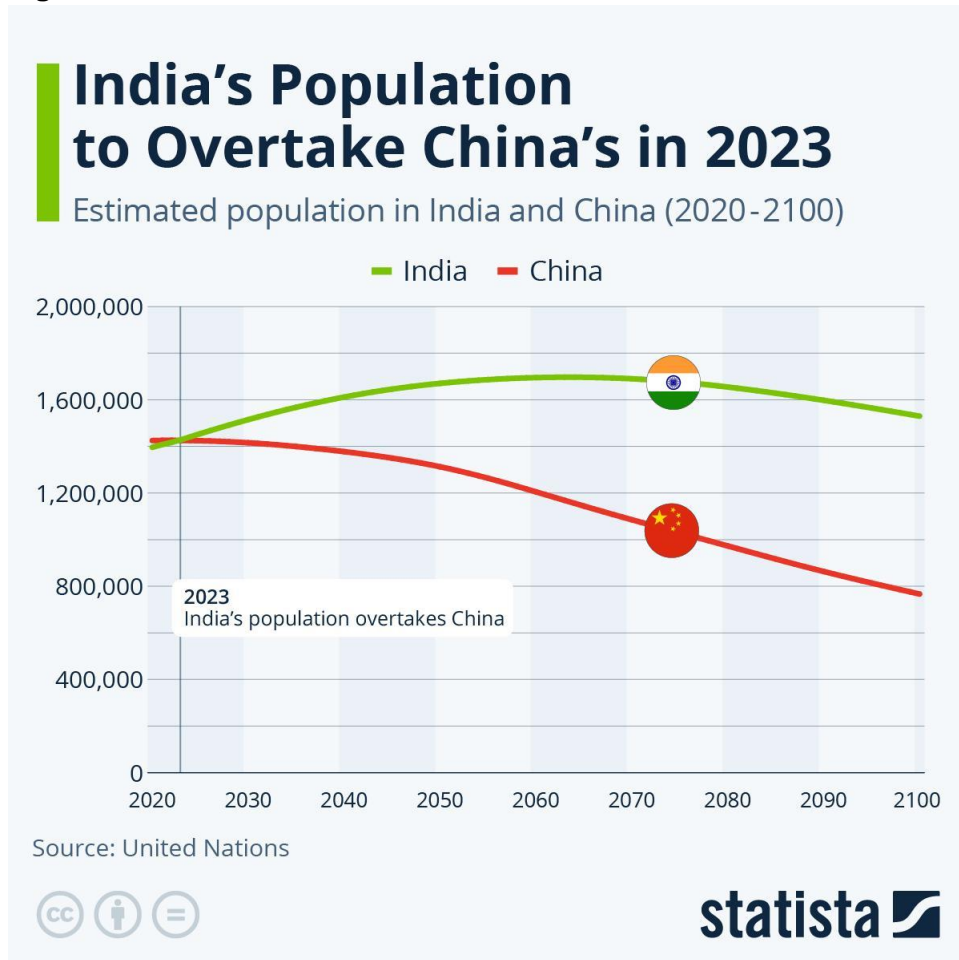
Despite the economic challenges being felt across the world, India is proving it should no longer be overlooked as a future economic power. According to the World Economic Forum, “India's GDP growth for last year was 7%, making it one of the world's best-performing economies” (Lasarte, 2023). A rapidly growing young population, coupled with advancements in infrastructure, technology, and new industries, makes India an attractive place for both foreign and domestic investments. According to Morgan Stanley, “India has the conditions in place for an economic boom fueled by offshoring, investment in manufacturing, the energy transition, and the country’s advanced digital infrastructure...These drivers will make [India] the world’s third-largest economy and stock market before the end of the decade” (Shan, 2022). Furthermore, according to our proprietary survey, 95% of our Indian respondents said they do not plan on cutting back on spending. Digging deeper into the spending sentiment, 63% reported they foresee spending increasing in the next year, and 32% foresee spending staying the same. This is a +17 point increase versus the US survey that we launched, further proving the Indian consumer spending outlook far outpaces that of the US (“CFMM Indian Consumer Survey, 500 Respondents,” 2023).

India is also being looked at as a way for nations across the globe to diversify away from China, especially as it relates to manufacturing and services. According to Rumki Majumdar, director of Deloitte India, he “believes India has huge potential as an export hub and as an investment destination in the manufacturing and services sector” (Krishnan, 2023). Overall, while India's economic outlook is positive and investments are being made to support this, it is critical these investments and developments do not lose momentum and are ready to support the growth being projected.

The E.P.I.C. Opportunity: Population

With a staggering 1.42 billion population, India has overtaken China as the world’s most populous nation in mid-2023 (see: Figure 3). China held the distinction of being the world’s most populous nation since 1950, when the United Nations’ records began. India’s population has grown by a billion people since then—an astounding rate of growth. As a result of the recent population boom, the country is a rather young one. With a median age of 28 years old, India is significantly younger than the United States and China, both clock in at a median age of 38 years old. In India, 60% of the population is younger than 35 years old, and 40% is less than 25 years old. With so many young people getting educated, entering the workforce, and stepping into the formal economy for the first time, it is no wonder that India’s economy has grown exponentially year over year and will continue to prosper (Suri et al., 2023).

Figure 3:



The E.P.I.C. Opportunity: Infrastructure (Physical & Digital)

In order to support the projected economic growth of India, significant developments in infrastructure must take place. “In 2016, S&P Global identified wide gaps in infrastructure status between India and China in almost every head—roads, ports, electricity supply, railways etc.” (Bose, 2022). The increase in infrastructure development is not only crucial to supporting economic growth, but ensuring the livelihoods of those who live in India as the population continues to grow. One of the largest opportunities for infrastructure growth in India is in transportation, of which has already been underway through various investment efforts. For example, 83,677km of highways across India are being built through the Bharatmala Pariyojana program. This initiative is specifically for the highways sector that focuses on optimizing efficiency of freight and passenger movement across the country by bridging critical infrastructure gaps through effective interventions (“Bharatmala Pariyojana - a Stepping Stone Towards New India,” 2018). Another focus effort is the urban development of Smart Cities across India, launched by the government in 2015. “It is believed that by 2030 around 40% of Indians will be living in cities and contribute 75% to the GDP. This

mission of the government of India promises to improve the quality of life in 100 cities and towns" (Mishra, 2023). This would be done through renewal and retrofitting initiatives that modernize the infrastructure and amenities within that specific city.

In addition to investments in the physical infrastructure of India, the country has had an incredible amount of investment in their digital infrastructure. Given the perception of a country like India, it may be surprising but the majority of the country is currently connected to the internet and data. And by 2030, a staggering nearly 90% of India will have internet (Dilipkumar, 2022). This infrastructure, coupled with low data costs, will lead to a democratization of connectivity and consumption of both products and content.

The E.P.I.C. Opportunity: Culture

India's vibrant culture is steeped in traditions and cherished values, with six key aspects that define its cultural fabric: Bollywood, cricket, yoga, ayurveda, weddings, and fashion. Bollywood, the world's second-largest film industry, surpasses Hollywood in annual movie releases and viewership (Santoreneos, 2019), with international recognition of stars like Priyanka Chopra and Deepika Padukone (Patwa, 2021). Cricket, considered a national religion, unites the nation and holds an unparalleled position in Indian sports. Indian national cricket players are viewed as some of the highest-profile celebrities in India, especially Sachin Tendulkar, who some attribute god-like status to. Even after his retirement, Tendulkar continues to be an influential figure in Indian cricket (Nalapat & Parker, 2005).

Yoga's origins can be traced to northern India over 5,000 years ago and is the country's biggest cultural export in the last century (Burgin, 2007). An estimate suggests there are 300 million yoga practitioners worldwide and global yoga industry statistics estimate the size of the market to be over \$88 billion (Smith, 2023). Ayurveda has its origins in India, dating back more than 5,000 years (Nair, 2021) and 77% of Indian households use Ayurvedic products ("77 percent Indian households use Ayurvedic products: PWC Report," 2018). The global Ayurvedic market size is projected to reach US\$16230 million by 2028, from US\$ 7273.3 million in 2021, at a CAGR of 12.0% during 2022-2028 ("Global Ayurvedic Market Size (2022-2028)," 2022).

Weddings in India are often multi-day affairs filled with elaborate rituals, colorful decorations, lavish feasts, and intricate attire. The scale and spectacle are an opportunity to display affluence and showcase family prestige. As a result, the wedding industry is India's 4th largest industry after energy, banking and insurance ("Matrimony is one of India's biggest businesses," 2022) and it is estimated that one out of four weddings across the globe (or 25% of the world's weddings) happens there (Khosla, 2023). Fashion is a major part of weddings, and India has emerged as one of the world's fastest-growing fashion markets over the past few years. It is projected to grow at 15% CAGR till 2022 and become a \$102 billion market for apparel ("Indian fashion market to touch \$102 billion by 2022, report finds," 2018). Already, Indian fashion designers like Falguni Shane Peacock and Sabyasachi have established boutiques in major fashion capitals across the globe.

Case Study: Forest Essentials, A Homegrown Indian Beauty Brand Going Global

India has laid the foundation to become a key global player in beauty. The road to representation has been long, but India's influence on the beauty industry has already begun. Forest Essentials, India's premiere homegrown Ayurveda brand, was founded by Mira Kulkarni who identified the opportunity to curate luxurious, local beauty products that were inspired by India's Ayurvedic traditions. "Traditional formulations for beautiful, health-giving products were lying with us for centuries, waiting to be used" she says. "They just needed the elegance and purity that was missing. Luxurious Ayurveda was our answer" (Choudhury, 2022).

In 2008, Leonard Lauder, chairman emeritus of The Estée Lauder Companies (ELC), met with Kulkarni after becoming interested in the brand and their good work. They officially signed a partnership, and ELC purchased a 20% share in Forest Essentials. Lauder's position on the 20% investment, rather than an acquisition, was because "there is a certain authority that emerges from India that the Indian consumer perceives as unique...a consumer may want a brand that she can say 'mine' and not a foreign brand" (Lall, 2014). This investment has supported Forest Essentials in their growth, from a new logo to expansion into different product lines, categories, and markets.

Forest Essentials continues to maintain their brand equity and mission since their inception. They stand by clean, cruelty-free beauty, and are loyal to the Ayurvedic standard for beauty, which is pure, fresh, seasonal, and natural. They prioritize and guarantee quality and purity by controlling the conception, formulation, manufacturing, and sale of all their products. They are truly authentic to their mission through the holding of certifications such as Cruelty Free by PETA, ISO Certified, and the Ayurveda, Yoga and Naturopathy (AYUSH) seal of Ayurvedic certification.

Forest Essentials is also taking notice of the explosive youth population within India and understanding they have different beauty needs than older generations. These beauty needs span both from a physical and mental standpoint, recognizing that inner and outer confidence is critical during youthful ages. "The age of adolescence in a teenage girl's life is one where she comes of age in more ways than one, forging her own identity and path. This phase in ancient Ayurveda, known as Yuvati, is celebrated by Forest Essentials...with the launch of the Yuvati Selection" (Remedios, 2023). They chose fourteen-year-old Maleesha Kharwa to be the face of this campaign, a girl who was raised in Mumbai's Dharavi slum who had bigger dreams to become a supermodel and support her family one day. Kharwa has now taken social media by storm and represents the hopeful and ambitious youth of India.

The history and ongoing successes of Forest Essentials showcases the brand's dedication to remaining true to traditionalism while pushing the envelope for modernity and evolution. Their growth coupled with recent retail expansion to the UK and UAE prove they are spearheading the influence of Indian beauty for the rest of the world. Forest Essentials is rooted in the power of Ayurveda, which has a market size "projected to reach US\$ 16230 million by 2028, from US\$ 7273.3 million in 2021, at a CAGR of

12.0% during 2022-2028” (“Global Ayurvedic Market Size (2022-2028),” 2022). Forest Essentials is positioned for success and the rest of the world is taking notice.

Approach to Enter India Successfully

As presented through the E.P.I.C. framework, entering India as a company or brand is an attractive opportunity. However, given the unique intrigues of the country and their culture it is important to learn from the successes and failures of other companies across other industries that have entered or attempted to enter the market. There are four key steps outlined below as the approach brands should take to enter the Indian market: Listen, Adapt, Uncover, and Patience.

Listen

It is imperative for brands to listen and prioritize brand education and experience above all else. Adrian Mutton, founder of Sunnam, explains that “the common use of English and the fact that many people of Indian origin assimilated into US society gives us a false sense of security when doing business in India” (“Why do western businesses fail in India?,” 2014). Apple avoided this error by prioritizing brand experience and storytelling over aggressive sales growth. The brand is also looking to build consumer ‘attach rate’ to get them deeper into the brand than just the iPhone, given the prevalence of other established mobile carriers in the region (Subramaniam, 2023).

Adapt

The second key to success is to adapt through “glocalization.” This involves finding the ideal spot between remaining true to a brand's identity while integrating local preferences. From our proprietary survey of 500 Indian consumers, when asked about their favorite brands, Indians heavily favored global brands such as Nike, Adidas, and Levi's. But when asked about their favorite beauty brands, they mentioned homegrown Indian brands such as Lakmé, Mamaearth, Himalaya, and Nykaa, illustrating a gap in the market where the Indian consumer admires global brands generally speaking, but does not see their needs being met by global beauty brands at the same level (“CFMM Indian Consumer Survey, 500 Respondents,” 2023). Thus, displaying a clear need for a successful “glocalization” strategy for beauty brands.

Imagine brand identity as a spectrum—on one end is Dunkin' Donuts, which entered the Indian market and was viewed by consumers as a pastry shop (as most Indian consumers did not eat donuts for breakfast). The chain began rapidly adding to their menu: sandwiches, and other local cuisine, which ultimately caused confusion about the brand's positioning. On the other end, McDonald's launched their Big Mac as the Maharaja Mac, thinking that that was sufficient for regional translation. However, the wide-spread vegetarianism in the region drove major challenges and pushed them to revise their strategy; today, the chain is very successful in the region. Regardless of a brand's history, story, and identity, it is possible to find the ideal spot of glocalization to

drive acceptance and sustained loyalty (Jani, 2019).

Uncover

The next step is to uncover opportunities beyond the obvious. Many brands flock to Tier 1 urban cities where wealth is concentrated. However, there is significant opportunity in Tier 2 and 3 cities, which make up most of the World Economic Forum's list of fastest growing cities around the world. These consumers are interested in gaining new experiences and perhaps even have more time to do so (Jani, 2019).

Patience

Finally, practice patience when assessing success in the region. Many foreign companies have misconceptions about the scale of India, thinking that upon entering and seeing sales skyrocket, it is a sign of future success when it is more a reflection of interest and curiosity in global brands by a portion of the market. This success will burn fast as new incumbents enter regularly (Jani, 2019).

The Final Opportunity: Rise with India

Success in beauty over the next decade will require brands to be understanding and investing with India. India is at a pivotal moment of its trajectory as a global superpower—the landscape today is E.P.I.C. The **Economy** is expected to grow at an expected rate and is on track to become the world's third largest economy by 2030. The **Population** has already surpassed that of China to become the world's most populous country in the world. The country's **Infrastructure**, both physical and digital, is being invested heavily to aid future economic and industry growth. **Culturally**, India presents a unique opportunity given the deeply rooted cultural ties to areas such as Bollywood and Ayurveda. Many global brands across industries have attempted to enter the Indian market and our research has presented the Listen, Adapt, Uncover, Patience approach to ensure companies and brands act upon this new market opportunity successfully.

Silver Spender: The Growing Aging Population in Developed Nations

Although birth rates are declining globally, they are declining at a faster rate in developed markets, such as Europe, East Asia, and the US, versus emerging markets, such as Africa, the Middle East, and South Asia, which will lead to an eventual shift in the global balance of economic and geopolitical powers (Guillén, 2022). The changing complexion of global demographics is driving key trends: a rapidly aging population in several developed markets like the US, Europe, and China, and a rising young and wealthy population in emerging markets like India and the Middle East. For the first time in six decades, deaths outnumbered births in China (Bello, 2023).

In line with the trend observed in many developed nations, as quality of life has improved in China with income and education levels rising, fertility rates have declined, and life expectancy has increased. Despite efforts of the government to reverse this trend, such as loosening the “one child” policy and providing incentives to couples to have children, birth rates have stagnated. The US is experiencing a similar trajectory, with population growth of less than 1% in 2022. However, a significant distinction is that in the United States, growth is primarily driven by immigration rather than birth rate increases. Out of the total growth of 1.26 million in the US population, approximately 1 million is attributed to immigration (Gebeloff et al., 2023).

The question is whether companies and governments are prepared for the inevitable: the implications of a rapidly aging population. According to Joseph Coughlin, the author of *The Longevity Economy: Unlocking the World's Fastest-Growing, Most Misunderstood Market*, the answer is simple: “old age is made up.” The term “old” is a social construct or a “story that no one realizes is fictional.” The author says that it limits what we think is possible to accomplish as we get older, resulting in companies getting distracted from meeting the true needs of aging consumers. “Businesses, the implication goes, just need to wake up, smell the Ensure, and start courting older consumers with all the fervor they currently lavish on millennials” and Gen-Z (Coughlin, J. F. 2017). One nation several years ahead of the US and China in terms of median age is Japan. The country currently tops the world ranking for oldest society (proportion of age 65+) and is a good example to reference for future implications (Muramatsu & Akiyama, 2011).

The Economic Rise of the Silver Spender

The fastest growing segment in the world is the population over 60 years old as they hold roughly 50% of the net worth globally, with 80% concentrated in the US. The proportion of age 60+ to the total population in 2030 will be 38% in Japan, 26% in the US, and 25% in China. This demographic is also continuing to outpace growth in other generations at a 3.2% YoY increase (compared to 0.8% of the whole population) and by 2030, they will make up approximately 50% of the global population. More impactful than the growth rate, the absolute value of this age group is significant. (Guillén, 2022). The 60+ spending power is expected to grow by 42% from 2020 to 2023 to be \$15 trillion, which equates to the nominal GDP of four of the top six countries in the world, namely, the UK, Germany, Japan, and India. Furthermore, if the US 50+ population alone were a country, it would be the third largest economy in the world (Fengler, 2021).

Tellingly, this group is planning to continue using their significant spending power with 86% saying they are not cutting back on their spending on beauty, personal care, and grooming in the next five years. If they had some extra money to “treat themselves,” they would be most likely to purchase skincare, followed by hair care and grooming. They also over-indexed by +3 points versus the general population in responding that they would use this extra money on spa, wellness, and facial treatments, showing there is no age limit on indulging in wellness and self-care. In addition, they overwhelmingly responded that they wanted to invest in travel and experiences (“CFMM Quant Survey,

500 Respondents,” 2023). These shifting dynamics pose an opportunity for the industry to capture a new global consumer and adapt current offerings to meet the evolving needs of the existing consumer, ultimately to drive future growth.

Decoupling the Demographic: The Silver Tsunami

The world’s 60 and older cohort are a diverse group spanning three generations and with a wealth of knowledge and history, each represented by culture and nuance along with shared and unique experiences. They include The Greatest Generation (1901-1924), The Silent Generation (1925-1945), Baby Boomers (1946-1964). Despite the gaps between each generation in terms of culture, values, and experiences, aging populations are often treated like monoliths by brands. In the same way that companies would never develop one marketing to reach Gen Alpha, Gen-Z, and Millennials, brands must approach each generation within the Silver Spender cohort individually.

The Baby Boomer generation is poised to redefine what it means to grow old in this day and age. In their earlier decades, this consumer group grew accustomed to companies and products catering to their wants. As they age, they will not accept the fact that they are no longer the focus for goods and services. As discussed in *The Longevity Economy*, Baby Boomers “will act as a sorting mechanism in the longevity economy, ruthlessly separating the companies that solve their real demands from those acting on a tired, false idea of oldness” (Coughlin, J. F. 2017).

The Silent Generation before them features prominent public figures that are reaching their prime (or finding a second wind in their careers) well into their twilight years. For example, 81-year-old Martha Stewart recently appeared on the cover of *Sports Illustrated* (May 2023), setting off cultural dialogues on anti-ageism, pro-inclusivity, and female empowerment. Fashion designer Dapper Dan, 78, is only just receiving the recognition that has eluded him for most of his career as a Black designer based in Harlem, New York with his recent collaborations with Gap and Puma in 2022, which followed after a career-defining collaboration with Gucci in 2017 (Corinne, 2022). And finally, there is Yayoi Kusama, 94, who holds the record for the most expensive artwork sold at auction and is considered the most successful living female artist (“Yayoi Kusama Value: Top Prices Paid at Auction,” 2022). In 2023, she welcomed her second collaboration with global luxury powerhouse Louis Vuitton.

Other examples of older consumer groups breaking stereotypes about the 60+ population include Grandma Droniak, 93, who has 9.6 million TikTok followers and recently partnered with CeraVe to produce sponsored content on her page (Follett, 2023). In other parts of the world, influencers in China like Glemma Beijing, a small group of women that draw in thousands to watch them talk about their youth or Grandpa Loves Singing, a grandfather who has found fulfillment in music and sharing it on social media (Stevenson & Wang, 2023). Helping to break the mold of what it means to be old is the adoption of digital platforms and technology in general by the baby boomer age group (accelerated by the COVID pandemic).

The Inaccurate Representation of Silver Spenders in Media and Advertising

Recognizing the immense potential of the Silver Spender market, beauty brands should actively strive to cater to the unique needs and desires of consumers aged 60 and above. In 2019, AARP reported that though adults over 50 make up a third of the US population, they are represented in only 15% of media images (see: **Figure 4**) (Thayer & Skufca, 2020). This age group is not only underrepresented, but studies have also shown that they feel stereotyped and many advertisements come off as condescending.

When older adults are featured in advertising, they are often portrayed in a limited and one-dimensional manner, perpetuating stereotypes or reducing them to clichéd roles. In fact, 78% of Silver Spenders report feeling their age group is underrepresented or misrepresented in advertising and media (Clinton, 2023). When this consumer is portrayed, it is frequently in a misrepresentative or negative manner. Mainstream media tends to predominantly focus on youthful beauty ideals, reinforcing ageist stereotypes and marginalizing the experiences and needs of older individuals. 70% of ads featuring Silver consumers have them shown in isolated situations, often with a medical professional or another person taking care of them. Furthermore, they are portrayed in a negative light in 28% of advertising that they are featured in versus only 4% for younger consumers (Emsley, 2020).

This lack of visibility can lead to feelings of invisibility and disconnection among the Silver Spender demographic. It is crucial for media and advertising industries to challenge these biases and misconceptions by authentically representing the diverse lifestyles, aspirations, and beauty of silver spenders. By doing so, they can foster a sense of belonging and respect among older consumers, while also promoting a more inclusive and age-positive society while growing their businesses with this lucrative demographic.

How to Succeed with the Silver Spender

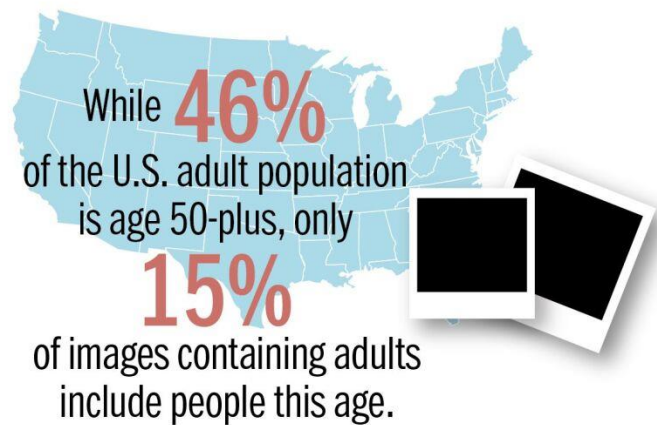
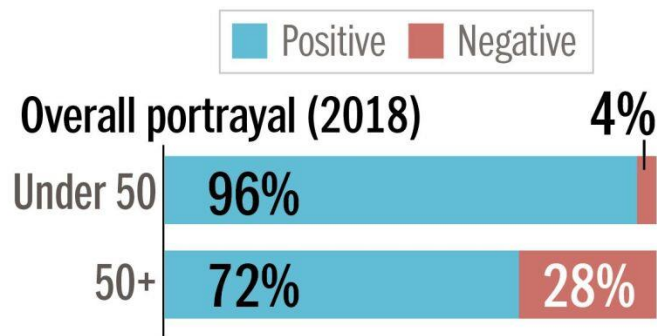
In the current market landscape, brands have a tremendous opportunity to tap into the Silver Spender segment, comprising older consumers who possess significant purchasing power and represent a growing demographic. To succeed with the Silver Spender, brands should adopt strategies that cater to their unique needs and preferences. Firstly, brands should prioritize authenticity and build trust by offering products and services that align with the values and aspirations of this demographic. Clear and transparent communication is crucial to establish a genuine connection and foster long-term loyalty. Secondly, brands should focus on providing exceptional customer experiences that cater to the evolving lifestyles and desires of older consumers. This includes creating age-friendly physical and digital environments, personalized and relevant offerings, and attentive customer service. Lastly, embracing technology and digital platforms can enhance accessibility and convenience for the Silver Spender, allowing them to engage with brands seamlessly across multiple

channels. By recognizing the value and potential of the Silver Spender, brands can adapt their strategies to meet their evolving needs and secure a competitive advantage in this rapidly growing market segment.

Figure 4:

Portraying older adults

Marketers often target younger consumers. When adults age 50 and older are shown, they are more likely to be portrayed negatively than those under age 50.



SOURCE: AARP

Deseret News

Source: AARP

Targeting the Silver Consumer

Diving deeper into the preferences of both the Baby Boomer and Gen-X cohorts (the oldest consumers in Gen-X will be 65 in 2030) will help determine how companies can effectively reach and engage this age group. This cohort is the fastest growing age group of e-commerce consumers with online spending by age 65+, +49% YOY (20-21) and frequency of purchases +40% (Dailey, 2021). Channel preference was relatively

evenly distributed with 52% liking to shop in-store and 48% online. The biggest pain point shared for shopping online is the inability to try things on (64%). These cohorts need to try before they buy. 47% shared that they discover new brands via social media while 29% learn about new brands from friends and family. When asked about why they make a purchase, 35% shared that it is due to the item being their style, followed by 32% stating it to be the fit. 71% shared that they follow trends but only ones that work for them. In terms of loyalty, the cohorts were split with 53% calling themselves “brand loyal” and 47% saying “they don't care about brands.” Top fashion brands for these cohorts include: Anthropologie, J.Crew, Zara, Cos, and Ralph Lauren (Rees, 2023).

In order to meet the consumer where they are, they must target based on where they currently are across a spectrum of life stages and values. The term “anti-aging” has only recently become more “taboo” as aging is unpreventable, yet it is still among the top-searched terms when it comes to beauty consumption.

The scales that we recommend targeting off of are working status (ranging from working full-time to fully retired), caregiving status (ranging from caretaking for other to having others caring for them), brand explorer to brand loyalist, reentering the dating scene to in a long-term romantic partnership, and their sexual orientation (from newly-accepting and announcing to society their sexual identity to maintaining the sexual identity that they always have). Within these scales, you can find specific attributes that come to life that may not be as present in other generations. There are unique needs that identify this group that do not come to light in our traditional means of marketing.

Innovating for Advanced Ages

While many companies are starting to wake up and target this consumer group, there are few standouts who have done so successfully. Targeting this age group may not appear “innovative,” but it requires attention for two key reasons: over the next decade, this age group is going to skyrocket in terms of number of consumers and their contribution to total spend. In the UK, one in five Baby Boomers is a millionaire (Rees, 2023). The “older” consumer today and in the future is not the “older” consumer of five to 10 years ago. In 2030, the average 70-year-old will live like today's 50-year-old (Guillén, 2022). However, it's clear that most companies are not yet equipped to reach this redefined gray market.

Innovating for this demographic is not about “three-button cellphones” and other patronizing products, but using “transcendent design” to authentically excite and delight this group. Better health and safety products will deliver a longer and more independent old age. Currently, older adults have few options in terms of how to spend their years: leisure, consumerism, volunteerism, and time with family. This will evolve, led by Baby Boomers who desire more: to work, romance, and contribute to society in terms of culture. Current products and services for older adults focus on the “needs” in Maslow's hierarchy: there is a gap in filling the desires. “Businesses addressing higher-level wants can create new, fertile relationships with older adults by offering them unexpected routes to meaning” (Coughlin, 2017).

Case Study: Japan's Super-Aging Society

Japan is well-known for its rapidly aging population and the 60+ community is a significant and growing segment of its population. According to the Ministry of Internal Affairs and Communications, people aged 65 years or older account for more than 28% of Japan's total population, and this figure is projected to increase to nearly 40% by 2065 (Nakatani, 2019). The aging community in Japan is often referred to as "the silver generation" and is highly respected for their wisdom, experience, and contributions to society. Many of them have worked hard their entire lives and have made significant contributions to Japan's economy and culture.

As this demographic group grows, it presents a unique opportunity for brands and innovation. This group has high disposable income and are willing to spend more than younger generations. But this generation is looking to spend their money meaningfully. In a survey conducted by the Cabinet Office, Japanese seniors surrounded with material wealth are looking for something deeper. The survey found that while "44% of people in their 20s were interested in material wealth, 66% of those in their 60s were searching for mental happiness" (Chéron, 2011). In addition, this demographic group is looking for offerings that are tailored to their specific needs, such as "senior salons" that are equipped with blood pressure monitors and trained staff. Japan is already seeing smart walkers, caregiver robots, and wearable sensors in the marketplace ("How Japan's Healthcare Solutions Are Advancing Our Everyday Life," 2019). Brands in Japan will have to tailor their offerings to serve the silver generation. As life expectancy grows in other parts of the world, following the trend in Japan, brands and companies should start preparing for products and services catering to the silver generation.

Case Study: How Jennifer Coolidge Helped e.l.f. Beauty Score A Touchdown at the Super Bowl

When e.l.f. Beauty CMO Kory Marchisotto decided to tap actress Jennifer Coolidge, who had just won an Emmy for her work in TV series *The White Lotus* (2022), to star in brand's first commercial (to be aired during the Super Bowl, no less) she said the impetus was Coolidge's uncanny ability to remain the "stickiest icon culture" (Donnelly, 2023). That Coolidge was 61 years old at the time of the commercial airing didn't seem to bother the makeup brand which was named the No. 1 cosmetics brand among female teens for the second year in a row ("Top Brands for Teens," 2023), especially as they seek to broaden their audience.

It's a move that makes sense considering every generation has managed to associate the actress with an era-defining cultural touchstone, whether it was Gen-X recognizing her as Stifler's mom in *American Pie* (1999) or her hysterical turn as Paulette Bonafonté in *Legally Blonde* (2001), Millennials following her loopy portrayal of Sophie Kachinsky throughout *2 Broke Girls'* (2011-2016) six season run, and most recently, Gen-Z discovering her as distraught heiress Tanya McQuoid in *The White*

Lotus (2021-2022). Not only that, but the actress's vibrant and comedic personality continues to defy societal expectations of how a woman in her sixties should act.

The Gen-Z-preferred brand's unconventional choice to work with an older spokesperson was rewarded handsomely in the end. Data shows that the TV spot earned the #1 Brand Sentiment during the Big Game with 18,000 mentions and an 89% positive rating. Not only that, they notched a +64% purchase consideration week over week post-game. The spot ultimately helped the brand propel the e.l.f. Power Grip Primer as the No. 1 SKU in Mass Cosmetics with 1 Power Grip Primer every 3.5 seconds post-game (compared to 1 Power Grip Primer every 8 seconds before the Big Game) (Mullery, 2023).

Case Study: The Universal Appeal of *Grace and Frankie* Across Demographics

Since its premiere in 2015, *Grace and Frankie* has expertly and hilariously demystified the experience of growing older and given a voice to the fastest growing segment of our population: older women. It was the first original comedy produced by Netflix specifically targeted towards an older demographic and ended up becoming the streaming service's longest-running original TV show in history (Villarreal, 2020), with the four out of seven seasons garnering 100% ratings on Rotten Tomatoes ("*Grace and Frankie*," n.d.).

The show's longtime success and popularity is proof that audiences crave quality stories about older adults. While Netflix does not release their metrics, the demographic that fell in love with this show was far and wide, from twenty-year-olds all the way up to 80-year-olds (Marcus, 2022). Searching for the show on Twitter suggests its audience is composed of drag queens, YouTube comedians, and people who work in the media; almost all of its devotees are women and gay men—including pop star Miley Cryus. Virtually every commenter in this group praised the show for its authentic voice and representation to an older demographic (Cox, 2016).

Netflix uses internal data to build profiles of users. Using its recommendation and ranking algorithms, Netflix is able to pinpoint the interests of specific users (Johnson, 2018). The show covers many of the issues of aging from the perspective of the aged, including arthritis, immobility, a knee reconstruction and mini-strokes. Despite featuring issues and concerns held mainly by senior citizens, the show found universal appeal (Treagus, 2022). This is in parallel with the data showing that with "granfluencers," demographic similarity to their audience ranked is least prioritized by social media users (Woods, 2022).

The Final Opportunity: Ride the Silver Tsunami

The 60+ consumer segment holds significant value in the beauty and personal care industry. Not only do they hold 50% of global net worth, but they are also still avid beauty users. However, beauty brands have fallen for the trope that you do not want to "age and die" with your consumer. By doing so, the beauty industry has ignored and

alienated this integral consumer, and in doing so, they are missing out on a valuable growth opportunity. To tap into market growth, brands should expand their focus beyond Gen-Z and Millennials and allocate specific budgets for targeted marketing campaigns focused on 60+ consumers. It is crucial to speak to these consumers as unique and diverse individuals, taking into account their values, life experiences, stages, and interests. By doing so, the industry can catch up with the current cultural movement known as the Silver Tsunami, where older individuals are being recognized and celebrated across various fields and industries. As we witness cultural icons in their 60s, 70s, 80s, 90s and beyond achieving remarkable milestones, it is clear that there is untapped potential for brands to connect with and serve the 60 and older consumer, bringing them to the forefront of the beauty industry.

Recommender System Optimization: Marketing in an AI-Driven Landscape

Recommender systems are information filtering systems that suggest relevant items to users based on their preferences and past behavior. These systems are widely used in various industries, such as e-commerce, streaming services, social media platforms, and more. The primary goal of recommender systems is to provide personalized recommendations that match users' interests and preferences. They analyze user data, such as browsing history, purchase history, ratings, and interactions to understand their preferences and predict their future preferences. Based on this analysis, recommender systems generate recommendations that aim to enhance user experience and engagement.

Recommender systems have significantly changed consumer expectations. Consumers now expect personalized recommendations tailored to their specific interests. They appreciate systems that understand their preferences and provide suggestions that match their tastes. This personalization enhances the user experience and saves time by reducing the effort required to find relevant items.

Recommender systems also play a crucial role in helping consumers discover new products, services, or content they might not have encountered otherwise. By analyzing user behavior and similarities with other users, these systems can introduce users to new and relevant items that align with their interests, expanding their choices and broadening their horizons. Consumers expect recommender systems to engage them effectively. Recommendations that are accurate, diverse, and timely can increase user engagement and satisfaction. Users want to see recommendations that genuinely resonate with their preferences, encouraging them to spend more time exploring and interacting with the platform.

Popular recommendation systems have already changed the industries of music, social media, and streaming with platforms such as Spotify, TikTok, and Netflix. The future is clear: the success seen with leveraging recommender systems in other industries will come into beauty and change how consumers interact with brands. Brands must prepare and prioritize winning in an algorithm-driven landscape.

The Power of Prediction: How the Spotify Algorithm Anticipates User Preferences

Of the leading businesses that have invested in AI to drive their performance, Spotify, the music streaming service, stands out as the best in class. “Back in 2020, as much as 62% of consumers rated across platforms like Spotify and YouTube among their top sources of music discovery — and be sure that a healthy chunk of that discovery is going to be mediated by recommender systems” (Pastukhov, 2022). The platform has perfected its recommender system to analyze your listening habits against other users and millions of songs and playlists and create a curated and dynamic dashboard of offerings to meet your every music need depending on the context of the situation you're in while engaging with the platform.

The recommender works as a “matchmaker,” constantly learning what you like, dislike, and how to surprise and delight you with the right new song or perfect throwback hit. As Dmitry Pastukhov from music data consultancy Music Tomorrow outlines, the system is built around machine learning models that are optimized for key business goals: user retention, time spent on the platform, and ultimately generated revenue (Pastukhov, 2022). In order to provide the best possible recommendations, the system works to understand both the content that will be served and the user that engages with the content.

The system’s content analysis is structured around analyzing content-based metadata and collaborative filtering (see: **Figure 5**). Content-based includes artist sourced metadata, basic singer/songwriter description, genre, mood, and style tags; raw audio analysis: from grading danceability, measuring energy and valence; and perhaps most interestingly, text analysis using Natural Language Processing:

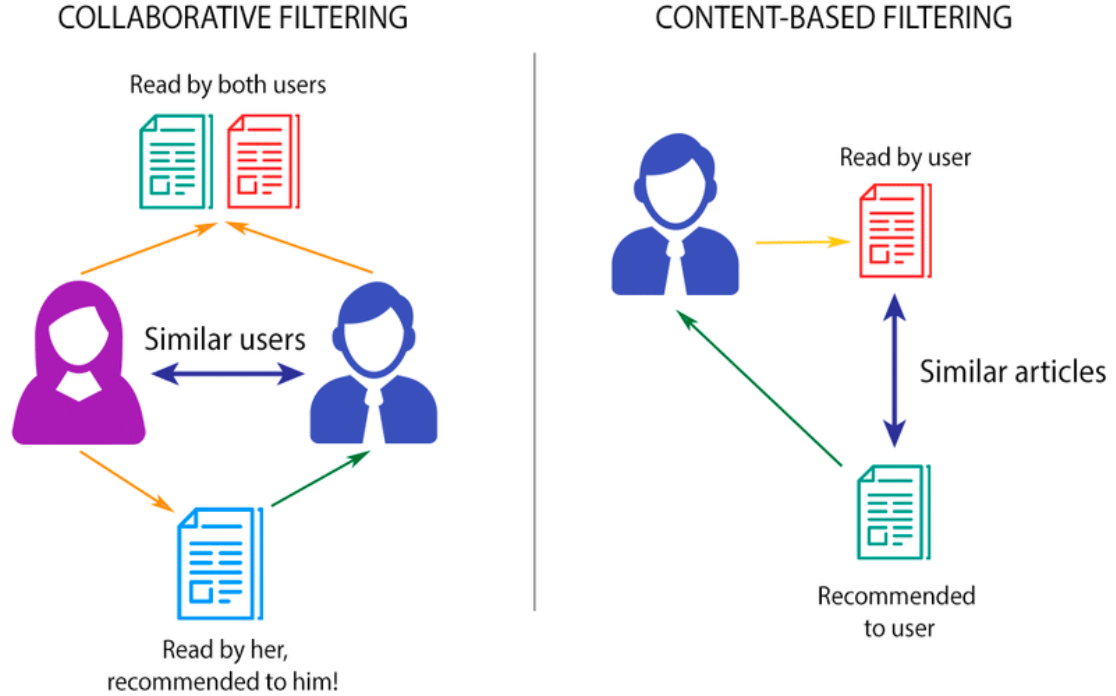
Lyrics analysis: not just the words themselves but the meaning behind them;

Web-crawled data: understanding how users describe music across prominent platforms and studying co-occurrence of adjectives and artists and songs, as well as;

User-generated data: analyzing the context that an artist or song shows up on UGP which is driven by user interpretation of a song’s genre, mood, or category.

Collaborative filtering is known as the “Netflix approach” where the system “compares user listening history: if user A has enjoyed songs X, Y, and Z, and user B has enjoyed songs X and Y (but has not heard Z), we should recommend Z to them.” However, there are inherent challenges with this approach: just because two users like songs X and Y, does not mean that they are inherently similar. Pastukhov brings up the sound point that Metallica and ABBA have a lot of listener overlap. To remedy this challenge, Spotify has put more weight on collaborative filtering leveraging playlist data—if two songs show up on the same playlist type, then they are similar. Each of these dimensions allow Spotify to create a holistic view of the content it serves so that it is not using any of these models in isolation, but the combination of all to best place the content to the right user at the right time.

Figure 5:



Source: Yash Technologies

The user assessment is equally critical. Like many commerce platforms, Spotify’s machine learning models read user’s explicit feedback (saves, playlist adds, shares, skips, etc.) and implicit feedback (listening session length, song playthrough and repeat listens). The system exceeds the performance of other platforms because it reads feedback in the context of the user’s listening session. For example, if a user is listening to Discover Weekly, a song skip may not mean that the user dislikes the song. Because the user is in ‘discovery’ mode, they could be quickly flipping through to identify which new songs pique their interest. However, if the user skips a song during a deep study playlist, this action is likely more indicative of the user disliking the song because they are listening in a passive context.

By combining content data, collaborative filtering and user assessment data, Spotify has the information it needs to serve relevant recommendations to users. A key difference in how Spotify brings the recommendations to life versus other platforms is the number of playlists that Spotify generates for users to enjoy under different contexts: Discover Weekly (relevant new music), Your Daily Mixes (several playlists built off your most-played songs), Mood (“Sad and Lonely” versus “Have a Great Day”), Personalized Editorial (“Throwback Thursday,” “Memorial Day,” “Wine with Friends”), etc. Each of these features is measured against their own performance indicators and leverages data from one or multiple of the data buckets (content, collaborative, user) to generate diverse and relevant playlists. The recommender system that fuels Spotify has set the standard across industries for best-in-class personalization. The company has found the balance of serving highly personalized results without infringing upon users’ personal

data and potentially making the user feel uneasy. Note, the detail and examples provided were sourced from the expertise of data analysts and industry experts at Music Tomorrow (Pastukhov, 2022).

The impact of recommender systems from best-in-class companies like Spotify, TikTok, and Airbnb cannot but be overstated. “MIT Technology review ranked TikTok’s recommendation algorithms amongst its 10 Breakthrough Technologies for 2021 – on par with mRNA vaccines and GPT-3 natural language processing models” (Knibbe, 2022) . The reason that this technology is being recognized across prestigious publications is due to its significant impact on consumer behavior, preferences, and expectations. Consumer trust has been altered by recommender systems: “According to Luminate’s Music360 report, 2020 was the first year when streaming services overtook “family and friends” as the primary channel for music discovery, with over 62% of music listeners in the US naming DSPs among their top discovery sources.” The way consumers are discovering new content has been impacted: “Back in 2020, as much as 62% of consumers rated across platforms like Spotify and YouTube among their top sources of music discovery – a healthy chunk of that discovery is going to be mediated by recommender systems” (Pastukhov, 2022).

A recent McKinsey & Company report found that “35% of purchases on Amazon come directly from the site’s unique ability to provide similar product reviews powered by algorithms and predictive modeling (Osborne, 2017). And finally, TikTok’s “For You” recommendations are based primarily on personal preferences and historical engagement, not sponsored content, which has made it extremely appealing to users and influenced the way they prefer to engage and transact on platforms. TikTok creates an “equal playing field” for brands, giving opportunity to even the most remote content creators to go viral. “Although the social media app’s goals may seem implausible, it’s important to recognize TikTok’s influence on commerce. For example, the hashtag #TikTokMadeMeBuyIt has over 8 billion views. Additionally, a survey by Adweek-Morning Consult found that 49% of TikTok users have reported making a purchase after learning about the product or service on the platform (Arlia, 2022).”

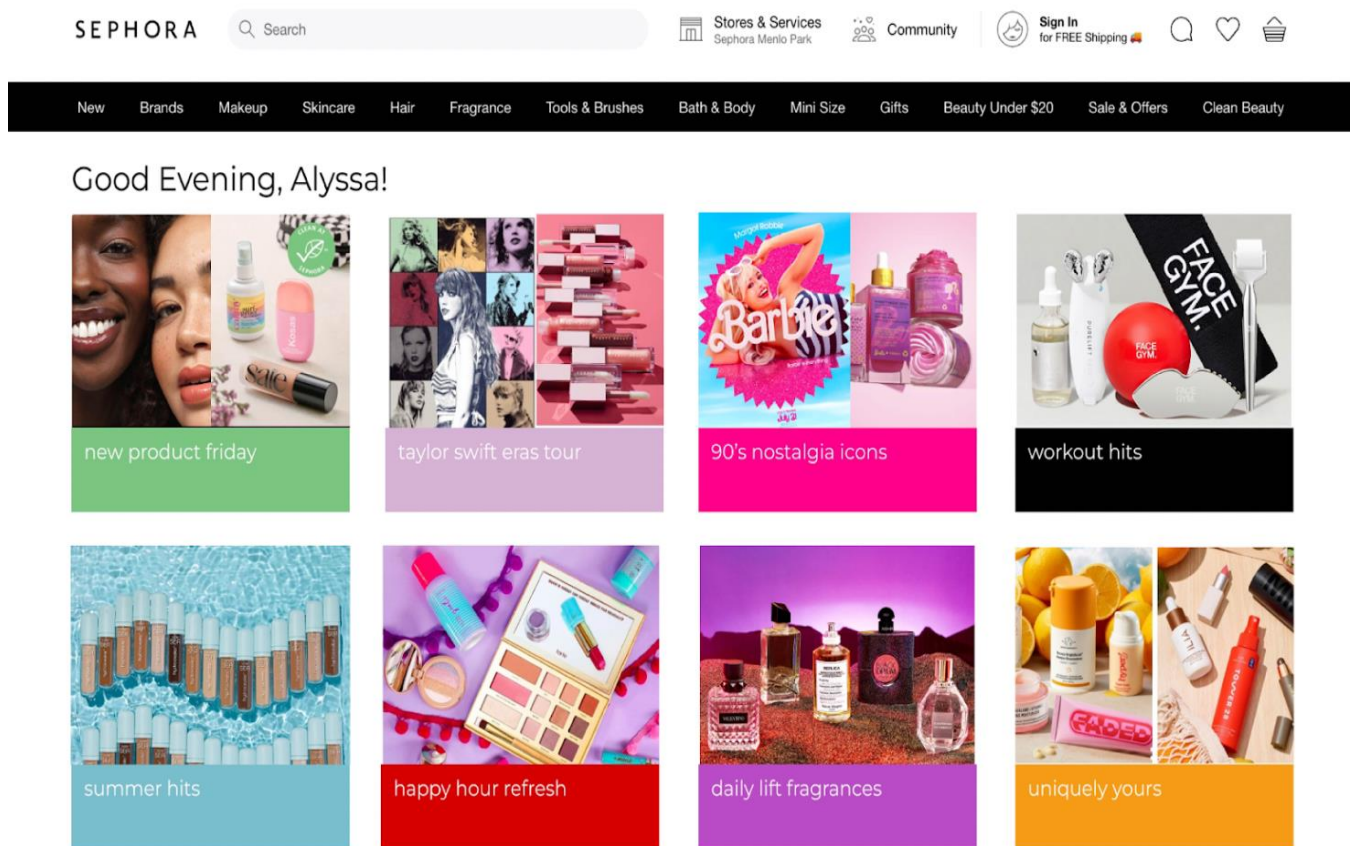
AI Infiltrates the Beauty Industry: Meet the New Sephora

Within the beauty industry, key platforms have already begun adopting AI-driven recommender technology to increase consumer engagement, satisfaction, and loyalty. Sephora has implemented content-based and collaborative filtering to serve the best product recommendations to users. Ulta has implemented Machine Learning technologies “to create realistic experiences from Virtual Try On with true to life textures, colors, and finishes to Complexion Matching detecting your skin tone and undertone to your best match (*Welcome to Digital Innovation by Ulta Beauty*, 2020). It is very likely that given the success of platforms like Spotify and TikTok, beauty platforms will adopt a more robust and immersive recommender system approach over the next decade where the consumer interface is nearly 100% recommender system-driven.

Meet the new Sephora!

In imagining how retail platforms like Sephora will adopt Spotify's RSO technology, imagine the e-commerce site being driven by universal traditional product categorization and search. Upon signing in, users will be greeted to a personalized homepage with "playlist"-like categories (see: **Figure 6**). Categories will span from evergreen topics such as "Workout Hits" or "90s Nostalgia Icons" while others may be more culturally relevant and short term such as "Taylor Swift Eras Tour." Similar products may show up across various categories, and the consumer's propensity to purchase may vary depending on the context that the product shows up. For example, a Tarte Face Palette may show up in 'Summer Hits' and 'Happy Hour Refresh,' driven by the data sourced by recommender systems which pull from across the internet and on platform to not only identify the face palette's category and benefit, but meaning and cultural connections or themes tied to the brand.

Figure 6:



Source: CFMM Capstone 2023: Beauty in A Shifting Global Landscape

The recommender system powering the future of Sephora will make the consumer experience more streamlined, relevant and enjoyable. However, this type of innovation will cause challenges for brands. Brands will have decreased control over the scope and frequency of where they show up on platforms and brands will need to shift from traditional branding and communication models to understanding how their brand will be “read” by a recommender system. The democratized approach of recommender systems will only make the crowded beauty landscape more challenging to navigate, especially for legacy brands (2+ years old) to protect market share. Brands that can harness the power of recommender systems through interpreting the inputs of a recommender system and adjusting their budget based on learnings will win share and solidify success for the future.

Implementing Recommendation System Optimization (RSO) Strategies

If your brand is being read by an algorithm, then you must think like the algorithm to ensure your brand shows up in the correct places. The time is now to start understanding and investing in a new form of marketing: Recommendation System Optimization or RSO. The first step is for brands to identify unlikely and strong connections the recommender system would make to inform recommendations to users on a commerce or social platform.

Recommender systems are incredibly robust in their ability to review and process data. The system will read and make connections through surface level content data like product type, category, subjective classifications (i.e., Clinique is “tried and true”) as well as deeper content connections like relating Clinique Almost Lipstick in “Black Honey” and Drunk Elephant D-Bronzi™ Anti-Pollution Bronzing Drops with Peptides because the same journalist or media outlet wrote a review for both, or they are featured in the same image posted by a platform reviewer. The system also uses Natural Language Processing to web-crawl key platforms like Reddit, Twitter, and media outlets to identify the meaning behind words tied to a brand or product (user perceptions and cultural connections like Kate Middleton using Clinique Almost Lipstick in “Black Honey” when she hosted the second annual “Together at Christmas” carol concert at Westminster Abbey). Brands must ensure to review key platforms to understand where and how your brand is showing up and select seemingly unlikely connections like Clinique Almost Lipstick in “Black Honey,” Kate Middleton, and UK winters to take advantage of in marketing and communications.

As the next step, brands must structure the connections and data into Moments, Milestones, and Movements to inform investment strategy:

Moments: Riskiest area to capitalize on but potentially has the greatest payoff as fast-culture moments burns bright and fizzle out quickly.

Milestones: Additive to brand’s identity and worth investment in the medium term to be relevant in cultural conversation.

Movement: Theme is part of your brand’s DNA and should be integrated into your brand execution at the deepest level.

Once unlikely and strong connections that a recommender system would likely read have been identified, the brand must evaluate the impact of each theme to inform investment strategy. This allows brands to ask themselves questions such as: will this theme bring in a new consumer or drive further loyalty among our existing consumers? Will this theme likely be short-term, medium-term, or long-term in the landscape of cultural conversations? What level of investment does this theme warrant? The key is to remember that by investing in a connection, you are feeding the recommender system and strengthening the connection, increasing the brand's ability to show up in front of the brand's most relevant audience in the context that the user is engaging with the platform, ultimately driving growth.

To ensure sufficient marketing budget behind each of the three Ms, budget allocation should follow a 60/30/10 approach. For example, if a connection like Clinique Almost Lipstick in "Black Honey" and Kate Middleton is classified as a Milestone, the marketing and communication actions should be supported with 30% of the budget. This investment breakdown allows for continuous funding on the larger Movement type communication that is part of the brand's DNA, while still having budget aside and prepared to act upon culturally relevant Moments.

The Final Opportunity: Invest in RSO

Recommender System Optimization, also known as RSO, is an important aspect of marketing in the AI-driven landscape. These systems, like the ones used by TikTok, Netflix, and Spotify, are advanced machine learning technologies that can analyze large amounts of data to help users find what they're looking for. Spotify, in particular, goes beyond traditional methods and utilizes various factors like mood, time of day, and cultural connections to create personalized playlists. Based on the success of recommender systems in other industries, it is predicted that beauty platforms in the future will rely entirely on recommender systems. This means that websites like Sephora.com will provide customized experiences for each individual, offering unique categories similar to playlists rather than relying on traditional product categorization. To adapt to this future, brands should incorporate Recommender System Optimization strategies into their marketing plans, which requires identifying unlikely connections, understanding where they fall into their brands' MMM model, and using the 60/30/10 approach to investing behind them sufficiently to ensure proper reach of the connection.

VIII. Conclusion

The macro and geopolitical events of the past decade have led to an uncertain and volatile outlook for both consumers and corporations. Consumers have increasingly become more complex and demanding of the brands they support, while the market has become more fragmented with new players entering and stealing share from the industry giants, brands must still deliver year-over-year profitable growth. As growth becomes continuously harder to find, clearly identifying your potential consumer and targeting

them strategically is more important than ever. Consumers have become more demanding, necessitating fool-proof strategies for beauty brands to engage them effectively. Despite these complexities, the beauty industry's outlook remains positive, with expected growth and consumer spending. To find growth and stay competitive, brands should focus on three key strategies: leveraging India's potential as a global power, recognizing the value of the growing Silver Spender population, and optimizing recommender systems for marketing in an AI-driven landscape. Together, we view these three areas of investments as a TRIFECTA, delivering attractive returns over the long-term and helping position brands for continued success over the next decade. By implementing these strategies, companies can navigate the shifting global landscape and ensure their long-term success.

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